



Washington, D.C. 20505

11 October 1977

Dear Bob,

You are quite right, the Bradsher 27 September Washington Star article is misleading in its comparison of US and Soviet sales. However, the comparison was Bradsher's, not ours.

The unclassified CIA report Communist Aid to the Less Developed Countries of the Free World, 1976 (copy attached) made no reference whatsoever to US arms sales. In cases where we have made such comparisons -- such as in our recent report Arms Sales to the Third World, 1976 (copy attached) -- we use the figure \$7.7 billion for US 1976 fiscal sales to less developed countries, not the \$8.7 billion cited in the Bradsher article. The \$8.7 billion figure is the Foreign Military Sales (FMS) figure published by DOD which includes US sales to NATO allies.

We have long been aware of the lack of comparability between US and Soviet arms sales data. The problem of price differences was treated in our study, Soviet Arms to LDCs: A Soviet-US Price Comparison (copy attached). A CIA paper now in process will look at other questions relating to the problem of comparability between US and Soviet Data. We will furnish you with a copy of the paper when it is completed.

Yours,

STANSFIELD TURNER

Attachments: ER 77-10296 dtd Aug 77, Unclassified
ER 76-10571 dtd Sep 76, Copy No. 268
ER 77-10500 dtd Sep 77, Copy No. 4

Mr. R. W. Komer
Office of the Secretary
of Defense

EX-102 77-10296 77-10296
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SUBJECT: Respon to Mr. R. W. Komer
Office of the Secretary of Defense

CONCUR:

Deputy Director for Intelligence

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MEMORANDUM FOR: ~~D/OSR~~ *DOEP* *4F18*

ATTN:

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D/S aca

Ch S/TA ACTION

Please provide by COB 4 October your opinion on this for Dr. Stevens to forward to the DCI. Also provide a proposed response from the DCI to Mr. Komer.

Special Assistant/DDI

Date 9-30

FORM 5-75 101 USE PREVIOUS EDITIONS

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OFFICE OF THE SECRETARY OF DEFENSE
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29 Sep 77 77-2479

Memo For DIRECTOR, CIA

Stan

I have been pointing out fruitlessly for years how comparative statistics on US and Soviet arms sales wrongly compare apples and oranges. The attached piece from Washington Star of 9/27/77 is a case in point. Our sales figures include sales to NATO and other Allies, but Soviet figures often omit sales to Satellites, which must entail billions. Why not insist that all Agency analyses include Soviet-to-Satellite sales estimates on a comparable basis to ours. This is a personal vendetta of mine, but I know it will appeal to you too.

Rf

R. W. Komer

DAY MORNING, 28 SEPTEMBER 1977

SEPTEMBER 1977, Pg 2

Chief, Brass Push for

WASHINGTON STAR 27 SEPTEMBER 1977, Pg 9 (28)

U.S., Soviets Parallel In Pushing Arms Sales

By Henry S. Bradsher
Washington Star Staff Writer

The United States and the Soviet Union have followed parallel courses in recent years of pushing up foreign military sales in order to earn hard currency to cover import costs.

This is indicated by a comparison of U.S. arms sales commitments with figures contained in a new CIA report on military sales and economic aid by Communist countries to economically less developed countries (LDCs).

The report shows an expansion of Soviet arms sales to Third World countries in Africa, Asia and Latin America. "The large hard-currency earnings and additional assured supplies of certain strategic raw materials have put Moscow actively into the arms merchant class," the report says.

U.S. weapons sales also have grown rapidly during the 1970s. Providing oil-rich countries, such as Iran and Saudi Arabia, with weapons was seen by the Nixon and Ford administrations as a way of offsetting higher oil import bills since the Organization of Petroleum Exporting Countries began raising oil prices in 1973.

THE CARTER administration has said it intends to reduce foreign military sales substantially in the fiscal year beginning Oct. 1. But so far, administration spokesmen add, old commitments and new emergencies have made it impossible to make noticeable cuts.

The CIA report said that in 1976 the Soviet Union concluded agreements to provide \$2.45 billion worth of military equipment to LDCs.

The roughly comparable figure for American foreign military sales was \$3.664 billion for the 1976 fiscal year. Some developed countries are among purchasers included in Pentagon statistics.

Soviet military supplies for Ethiopia this year are expected to keep the 1977 Kremlin commitments roughly the same as last year, while U.S. sales are expected to be \$8.771 billion in the fiscal year that ends Friday.

Moscow offers "fast delivery, a willingness to sell sophisticated weapons systems to almost any LDC, and somewhat smaller price tags than for comparable Western equipment," the CIA report said.

Soviet sales are usually made from existing stocks — often weapons that are obsolete for the Soviet Union's own armed forces. The Pentagon sells the same weapons it orders for the American military. In some controversial cases it has even cut into U.S. needs in order to provide the latest armaments to politically favored customers.

THE LARGEST current Soviet arms sales are to Libya and Iraq, two countries able to pay cash from oil revenues. Each is now receiving weapons under agreements estimated in the range of \$1 billion apiece. During 1976 Moscow also made a \$250 million sale to Peru of jet fighters, becoming Peru's principal arms supplier.

The CIA report pointed out that "the value of Soviet military commitments was almost triple economic pledges" in 1976. It gave economic aid promises by Moscow as worth \$875 million.

U.S. economic aid promises during the 1976 fiscal year was \$3.878 billion, closer to double than triple military sales. In fiscal 1977, U.S. aid is estimated to rise to \$5.723 billion, or almost two-thirds of expected military sales.

Eastern Europe and China have been minor suppliers of Communist armaments, the CIA reported. The former made agreements to sell just \$75 million of military equipment last year and the Chinese \$160 million.

29 Sep 77

Executive Registry

77-2479

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for DCI consideration

Executive Secretary

30 Sep
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